

HARD UNFUNDED REQUIREMENTS

Equipment (MOC 3100)

1. Copiers - \$750,000

Background: In September 1977, and again in September 1978, the Printing and Photography Division (P&PD) purchased a select group of Xerox copiers and duplicators. The decision to purchase the equipment was based on a purchase versus rental analysis that showed the Agency could realize a substantial cost avoidance (\$1.6 million) during the five years following each purchase by purchasing the equipment rather than continuing to rent it for the same period of time. The purchase analysis also included the cost of maintaining a Full Service Maintenance (FSM) contract on the equipment for the same five year period. The availability of the FSM was guaranteed by the Xerox Corporation.

The guarantee of availability of a FSM Contract (initial period) expired on 30 September 1982 for the equipment purchased in 1977 (14 units), leaving the Agency in a difficult position relative to continuing to use the equipment. At Xerox's option, they could have either refused to accept a maintenance contract on any or all of the equipment, and thereby would have forced the Agency to maintain the units on a charge-per-call basis, or they could have accepted a maintenance contract on the equipment for an additional year, and applied a 10% surcharge to the cost of maintenance. Additionally, if Xerox agreed to provide contract maintenance beyond the initial period, they would not be required to provide a replacement unit had any one, or all of the units become irreparable during the year. Neither of these options was considered feasible because it would have been impossible to plan budgetary or personnel resource requirements to accommodate either option.

One of two available alternatives was to replace the 14 owned Xerox copiers with rental units at a cost of \$638,000 over the period of the five year rental life. The only other option was to purchase new replacement copiers. To do so would require spending \$301,000 of fiscal year 1983 equipment funds identified for other requirements. However, the purchase option permitted a five year cost avoidance of \$337,000 (including maintenance on the purchased equipment) when compared to the cost of rental.

Furthermore, newly purchased equipment would have a 7 year FSM guarantee that would yield an additional \$255,000., for a total seven year cost avoidance of \$592,200. In view of the obvious cost benefits to the Agency, the decision to spend the \$301,000 of unbudgeted money for replacement copiers had to be made.

With respect to the 30 Xerox units purchased in 1978, the Division will again be faced with having to spend unbudgeted funds. In this case, a \$449,000 investment will result in a \$308,000 Agency cost benefit. Again the decision to make the investment is clear. However, the funds for these necessary copier purchases, now totaling \$750,000, must be identified as a hard unfunded requirement.

Impact: The implications of failing to fund this requirement will negatively effect two major P&PD activities, plant equipment recapitalization, and the Agency Copier Management Program.

Plant recapitalization will be adversely effected because the replacement of many old and unreliable pieces of equipment will have to be foregone, placing the Division in the position of confronting increased requirements for time critical intelligence products with a less than adequate production facility.

The Agency Copier Management Program will be effected in a similar fashion, should the \$449,000 required to purchase replacement copiers be unavailable. Not only will significant production requirements have to be satisfied with old and unreliable copiers, but P&PD's copier maintenance and repair costs will greatly exceed budgeted figures. Furthermore, the Agency will be denied the \$308,000 cost avoidance benefit previously cited.

2. (6) 300 Megabyte Disk Drives - \$255,000

Background: The Electronic Text Editing and Composition System (ETECS) was originally equiped with 30 megabyte disk drives to support production and system overhead (software for peripheral devices, communications interfaces, and systems operations procedures) storage requirements. As ETECS grew from one system to three, largely in response to DDI requirements, larger 80 megabyte disk drives replaced the original units to keep pace with proportionally increasing storage space needs.

The 80 megabyte disk drives were effectively handling ETECS data and software storage requirements until about six months ago, when it became apparent that, on the average, the systems were running with less than 5 percent of their total disk capacity available for use. This dramatic decline in storage space is attributable to increased DDI publishing activity, the installation of the Mini-Edit system to support the National Intelligence Council's publications production, and additional installations of peripheral equipment and communications interfaces.

In order to operate ETECS with this severely limited data storage capacity, production data must be moved to and from the disk drives by utilization of auxiliary disk packs. In that there are only two disk drives per system, only two of the four disk packs containing production data can be accessed at any one time, thereby significantly limiting production flexibility and efficiency. Furthermore, each of the auxiliary disk packs must be copied periodically to ensure the integrity of the data. This process takes the system out of production for at least eight hours per week. It should be noted also that at least 16 manhours per week are required to transfer production data to and from the auxiliary disk packs.

In view of the above, and an expected continued growth of the Agency's publishing activity, particularly the DDI's, it is necessary for P&PD to request funding in the amount of \$255,000 for the procurement of (6) 300 megabyte disk drives. Acquisition of these devices will provide ETECS with sufficient disk storage capacity for the foreseeable future.

Impact: The effect of not acquiring the (6) 300 megabyte disk drives will range from continuing to operate ETECS in an inefficient manner, to failing to meet deadline on time critical intelligence production. The longer the delay in acquiring the disk drives, the more exposed we will be to the serious implications of relying on insufficient ETECS data storage facilities.

3. Foreign Video Tape Conversion/Replication System - \$303,000

Background: P&PD's current video tape replication system is not capable of adequately meeting a substantial and relatively new requirement for the replication and/or conversion of video tapes recorded in foreign formats. P&PD is presently addressing this requirement by applying antiquated and barely adequate

Kinescope equipment and techniques. Furthermore, P&PD is in receipt of memoranda from various Agency components requesting support in this area which is estimated to involve the processing of approximately 2500 television tapes this year. P&PD's current system must clearly be upgraded to meet this requirement by procuring the various conversion, replication, and editing components which would comprise a foreign video tape conversion/replication system.

All of the Agency components which have requested foreign video tape conversion/replication support have indicated that they will be compelled to purchase replication units of their own should P&PD be unable to respond to their needs. It would, therefore, be in the financial interest of the Agency to provide a centralized tape replication facility in P&PD. The recency of this requested support, combined with the high cost of the system, makes it necessary to identify this procurement as an unfunded requirement.

Impact: Failure to establish a foreign video tape conversion/replication system in P&PD will result in several unilateral acquisitions of replication equipment which will certainly be of greater combined cost than what would be needed for a centralized facility. This would clearly be counter to the interest of a recently begun program to coordinate and consolidate television production equipment acquisition and services in P&PD.

Rental (MOC 2300)

1. 3-M COM Recorder - \$60,000

Background: The acquisition (rental) of a second 3M-735 Computer Output Microfilm (COM) recorder is necessary by mid FY-83 in order to support increasing Agency micrographics production requirements. Included in these requirements is: a) the anticipated support of the Community-wide Computer-Assisted Compartmentation Control (4C) system for an estimated 5,000,000 images (pages) annually; b) a projected annual production increase of 500,000 images for the Office of Central Reference (OCR) ADSTAR project; and c) an annual overall production increase of 10% or 900,000 images. When compared to FY-82,

production statistics, the three requirments outlined above account for a projected 60.9 percent increase in P&PD COM micrographics production.

Impact: Without the acquisition of the second 3M-735 COM Recorder, P&PD would not be able to adequately support the requirements outlined above, and the more than 200 ongoing Agency COM applications would also suffer production delays.. Existing equipment would be overutilized which would cause equipment failures and the use of large amounts of overtime to support requirements. Customers would become frustrated with long (1-2 weeks) job throughput times and would probably turn to more expensive paper output for data needs.

This action would tax the Office of Data Processing (ODP) printing (Xerox 9700 and line printer) resources and would aggravate existing office space problems because of the additional space necessary to store hard copy versus microfilm.